

Women's Work in Early Modern Europe

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Models of economic development

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Models of economic development: productivity growth versus capabilities approach

Income is an important indicator of human well being. There are, however, many other indicators that are also important for human well-being which are not well correlated with income. Using income solely as a measure of development can therefore be misleading in making normative statements, as well as positive evaluations with a view to increase our theoretical understanding of development. There are three particular problems using income as a measure of welfare: the omission of the consumption of non-marketable goods and services (e.g., home production, in-kind transfers); the problem of converting income into welfare given people's heterogeneous preferences (that people are different and you cannot treat a household like an individual); and finally the importance of the freedom of choice.

Our project group in Uppsala, the Gender and Work group, has discussed whether the definition of 'development' that is associated with Amartya Sen can provide a better theoretical basis for understanding well-being, welfare, inequality, poverty and gendered issues and concerns. This approach implies that development is something that gives people the opportunity to develop their inherent potential, 'capabilities'. The capabilities approach argues that economic growth measured as an increase in, for example, income is an unsatisfying indicator of quality of life and welfare, in particular because it does not deal with how deprived people are doing. Sen's capability approach advocates that we instead focus on people's capabilities as a measurement of positive social and economic development.

Capabilities are people's potential functionings. Functionings are what people can do and be: doings and beings. Examples of functionings are being well fed, being sheltered, being healthy, being able to work in the labor market, etc. Capabilities, according to Sen, are the various combinations of functionings a person could theoretically achieve if the conditions are right. Capabilities are opportunities while functionings are actual outcomes. All capabilities taken together correspond to the overall freedom to lead a life that a person has reason to value. Obviously, such an approach offers a completely different and more complicated perspective on development. The capabilities approach differs from other schools of thought

that also try to measure individual welfare, either based on utility (derived income) or needs (satisfied by consumption). Income measures remain important in the capabilities approach, though, since they can affect people's well-being. Obviously, inequalities in resource distribution affect the distribution of capabilities.

The capabilities approach could be of great interest in addressing gender issues and concerns. Many issues that are of interest to gender historians and development economists are not reducible to financial welfare alone: reproductive health, voting rights, right to work, right to enter contractual relations, education, etc. Although income measures (as well as other measures based on access to material resources) are important, the capability approach emphasizes that resources are only *means* to enhance people's well-being while capabilities and functionings are valuable in themselves. One advantage with Sen's perspective is that it is applicable to societies that are not dominated by a market economy; that it expressly acknowledges that people are different; that it does not take its departure point in what is assumed good for the household, but instead uses as a starting point what is good for the individual. The capability approach thus pays attention to people's beings and doings (their functionings and, indirectly, their capabilities) both in market and non-market activities. Further, it offers a perspective based on individual choices.

There are already a number of measures of gender inequality that are based on concepts similar to capabilities, regarding health education and so on. Most of these indices compare countries whereas the capability approach compares individual welfare. For example, Easterly's study covering 81 indicators of quality of life not only shows a weak relationship between increases in income and increased quality of life, it also obscures important differences between individual experiences.¹ One particularly important and difficult point in this context concerns women's domestic work: women's well-being cannot automatically be assumed to be identical with the household's welfare function. Therefore, the capabilities approach acknowledges the importance of intra-household inequalities in non-market work and total work load.

Limitations in Sen's capability approach

¹Easterly, William, "Life during Growth", *Journal of Economic Growth*, 4, no. 3, (September 1999), pp. 239-275.

Something that has been relatively intensively discussed in the literature is the underspecified character of the capabilities approach. As emphasized by Ingrid Robeyns, for example, this means that the capability approach is neither a theory of development, nor is the set of relevant capabilities specified by Sen. Since the range of capabilities (potential beings and doings) is infinite, the approach may become difficult to apply (even though it could be argued that this is an asset since it makes the approach more flexible and useful for different types of societies). If capabilities are to replace income as a measure of development, clearly scholars need to reach a consensus on what capabilities should be included. Given the complexity of the capability approach, one might wonder whether it will be empirically useful in analyzing gender inequality.

It is here that the historian can make a contribution. We can both contribute to the identification of which 'capabilities' have been important, historically, for the improvement of quality of life, and we can contribute to the explanation as to why these could develop in certain societies and not in others. Scholars who are sympathetic to this approach but still unsatisfied with its underspecified character have tried to make more precise which 'capabilities' one should focus on, and have thus devised various 'lists'. Items such as literacy and good health are usually found on such lists, but the lists may appear very different in other respects. The advantage with this approach is that the narrow definition of development as growth of GDP is avoided. The disadvantage is that the lists can vary from scholar to scholar.

Moreover, the capability approach by itself gives no real explanation as to how power relations (which limit the development of 'capabilities') come into being and are maintained, or how and why 'better social conditions' can be attained. Therefore it has to be supplemented with other social theories. Because so little is known about the origin of the gender division of labor in older periods of time, what it was caused by and what consequences it had for people, it is reasonable to take as a starting point an analysis of tangential areas that can readily be compared. Only then will it be possible to really come to grips with the question of how the long-term process of change should be viewed.

In her discussions of Sen's work, Ingrid Robeyns emphasizes that there is a component in her list of relevant 'capabilities' that is associated with special problems of interpretation, and it is precisely those 'capabilities' that are associated with work and making a living. These difficulties, according to Robeyns, arise because work 'cannot unambiguously be seen as

contributing to the well-being of the worker', even if the work – for instance taking care of children and old people – may be vitally important to the person who benefits from it. Work could (and can) be an opportunity for a better life, but it could (and can) also be a source of oppression. At the same time it has been a problem for many, and a form of oppression, that they have not been allowed to work with what they have wished to, or have not been allowed to work at all. Work is therefore, purely theoretically, difficult to determine and to analyze as functionings, that is, outcomes of choices. A real challenge for historians working within the capabilities approach is to move from the study of functionings (outcomes) to the study of capabilities (opportunities).

Empirical studies

In order to make the capabilities approach a viable empirical alternative to the more familiar economic measures of utility such as income, it has to be complemented with some additional features. Ingrid Robeyn has suggested that we need at least three additional specifications before we can apply it in empirical work.

- 1) Selection of capabilities. The range of relevant beings and doings must be reduced from infinity to a narrow range
- 2) In order to make an overall evaluation the different capabilities must be weighted
- 3) A further complication with the capabilities approach is whether it is capabilities or only functionings that can be measured. This problem arises because it is difficult to measure potential

A first step in developing the capabilities approach in the direction of empirical evaluation is to define what capabilities should be included.

In the quantitative empirical literature (economics) on the capability approach, four main methodological problems have been addressed:

- 1) selection of relevant functionings
- 2) measurement of these functionings on the individual level
- 3) aggregation of these functionings into a composite index (using weights)
- 4) aggregation of individual welfare to social welfare

Data collected at a national level, although crude, do reveal interesting patterns compared to GDP per capita.

Sheilagh Ogilvie

Models of economic development: productivity growth versus capabilities approach

1. Is there a conflict between productivity and capabilities?

In theory, there are many different ways of measuring development. Major ones:

- 1) efficiency = how big the pie is (material output/Gross Domestic Product);
- 2) equity = who gets how big a slice (also GDP);
- 3) Human Development Index = income (weighted) + life expectancy + education;
- 4) even wider capabilities (political freedom, civil liberties, play).

‘Capabilities approach’ incorporates all factors affecting people’s capability to make themselves happy (maximize utility).

Some recent literature has tended to pit growth-oriented approach against capability approach. But evidence suggests:

- (1) very high correlation between GDP growth & other capabilities (e.g. Dasgupta/Weale 1992); and
- 2) both GDP growth & other capabilities crucial to improving women’s well-being & gender equality.
 - macro: Low Development Countries with best capabilities for women (income, health, education, access to resources, institutional status) also have highest GDP: 2007 UN report: gender discrimination costs in Asia \$45b/year by excluding women from labor market + \$16-\$30b/year by restricting women’s education; 1% increase in female education would increase GDP growth by 0.2%
 - meso: within LDCs, groups with worst position for women also have lowest incomes

- micro: improving women's position increases productivity (e.g. Burk Faso, Cameroon, Kenya 1999, gender equality in control of farm inputs & incomes would increase yields by 20%)

Of course, correlation does not imply causation:

- 1) income \implies gender equality
- 2) gender equality \implies income
- 3) income \iff gender equality
- 4) common underlying factors \implies income & gender equality

Econometric analyses find:

- 1) causation goes both ways;
- 2) underlying variables (market failures & culture) affect both

2. How do female capabilities improve productivity growth?

1) standard growth theory: 'efficiency': ensuring that all individuals in society (including women) are allowed to work at anything they choose \implies efficient resource allocation in labor markets; same with markets in land, capital, and output. Plus: gender equality may reduce corruption & rent-seeking.

2) 'new' growth theory: emphasis on human capital (education & health)

- direct: high human capital for all (incl. women) maximizes growth
- indirect: women do more human capital investment for other economic agents; they are most productive at this if own human capital is high (healthy & educated mothers \implies healthy & educated children)

3) 'Malthusian' new growth theory: low fertility & slow population growth \implies fast productivity growth. Women's 'capabilities' contribute through several channels:

- more educated women \implies higher opportunity costs of time, efficient use of contraception, value quality over quantity of children \implies lower fertility
- women active in labor market \implies higher cost of time \implies lower fertility

- women with access to capital markets ==> better insurance, saving ==> lower fertility

3. Does apparent harmony between productivity growth and women's capabilities have dark side? Yes:

a) Productivity growth & women's capabilities are still two different things: improving position of women (or any deprived social group) is worth doing for its own sake, even if doesn't directly improve productivity. Given resource scarcity, conflicts could arise between productivity growth & women's well-being. So worth remembering that women's capabilities are worthwhile regardless of growth impact.

b) Strong correlation between women's capabilities & productivity growth doesn't mean improving women's position is inevitable. Improvement in women's position is efficient, but economies don't always move toward greater efficiency. Powerful groups may prefer a smaller overall pie if this keeps their slice large. Can't be complacent.

c) One common complacent view: informal sector. Some argue that gender discrimination (e.g. by guilds) doesn't matter because women get round formal regulations & work in 'informal sector'. Certainly, informal sector offers excluded groups such as women better opportunities than do many formal institutions. But research on low development countries shows that informal sector suffers from high risks, poor information, violence, theft, short time-horizons, lack of worker protection, low investment in physical & human capital. Informal institutions may also block development by preventing more productive social arrangements from becoming established, say, in the shape of regulated markets & impartial states. Any institution that forces workers into informal sector harms those workers & wider economy. So gender discrimination by formal institutions cannot be dismissed: it is bad for women capabilities and bad for productivity growth.

Discussion

(thanks to Paul Minoletti)

Tony Wrigley: Even if there is a close correlation between capabilities and productivity growth (and other economic factors) in modern LDCs, this doesn't mean we can assume that the same happened in the past. For example, urbanisation was associated with economic growth in the European past, but this also increased mortality levels. Also, in early nineteenth-century Britain Yorkshire and Lancashire had some of the lowest female literacy rates of any county but these were key centres for British growth.

Sheilagh Ogilvie: However, although urbanisation in Britain was associated with increased mortality, this was not necessarily true across Europe. For example many of the villages around Hamburg had very high mortality rates, and urbanisation could serve to reduce these.

Tony Wrigley: Sheilagh is only referring to infant mortality, across Europe urbanisation and population density was closely linked to overall mortality.

Leigh Shaw-Taylor: Agreed with Tony Wrigley about the importance of being careful when projecting lessons from modern LDCs to the European past, giving the example of how occupational structure is closely linked to GDP now, but was not necessarily so in the past.

Sheilagh Ogilvie: largely agrees with Tony Wrigley and Leigh Shaw-Taylor, giving a further example of how literacy mattered less for economic development in the past, especially in agriculture.

Elise van Nederveen: despite high mortality, European citizens kept migrating to the cities, therefore there must have been something significant that was drawing them in. My work shows there was a close link between women's work opportunities and economic development in the Dutch Republic in the past, with causation most likely acting in both directions.

John Styles: it's important to note the regional aspect of capabilities in the European past, for example contrast the high levels of literacy in London with the low levels in Yorkshire and Lancashire.

Jane Humphries: relative female: male literacy is more important for women's work opportunities than the absolute female level.

Tony Wrigley: education and literacy not very closely linked to economic growth in the past. For example Scotland had high literacy levels but relatively low growth and slow take-off.

Sheilagh Ogilvie: agrees with Tony Wrigley, describing how in Europe the cultural link for education (e.g. the demands of Lutheranism) was often more important than economic factors.

Maria Ågren: the level of coercion regarding what type of work women could perform was high, but when examining the level of freedom people had to choose their work (and under the capabilities approach this matters for growth) needs to be sophisticated. For example, we should not just look at the number of people doing freely chosen work versus the number of people doing coerced work, we also need to consider how easily people could appeal against the coercion.

Sheilagh Ogilvie: institutional and civil rights are closely linked growth, and Sheilagh agreed with Maria Ågren and European historians need to consider this. Example, how easy was it to leave one guilded occupation for another. Also, consider constraints in central and eastern Europe on freedom of employment which operated outside of the guild system (e.g. serfdom). Women's access to occupations is an important aspect of civil rights.

Maria Ågren: its very difficult to measure GDP for early modern Europe, therefore court records (which are very good) could provide a good measure of development by showing how free people were.

Muriel Gonzalez: We should avoid using absolute measures as part of the capabilities approach, far more useful relative measures (e.g. male:female, cross-country comparisons).

Heide Wunder: the lack of national GDP figures for early modern Europe is problematic, and modern micro-level capabilities studies may miss out on much important information.

Sheilagh Ogilvie: many of the modern studies involve comparisons between villages.

Sara Horrell: stated that she has done some micro-level studies on African LDCs and they have much complexity and a high level of validity.

Heide Wunder: restated her position, saying that the problem we have is that we only have micro-level data for the European past, making it difficult to take the macro-approach that modern economists do.

Göran Rydén: we need to remember the importance of religion for determining economic and social behaviour and policy.

Jane Humphries: one of the important innovations Robeyn made over Nussbaum's approach was to ask people in LDCs what they thought should be considered as important for measuring capabilities. This is difficult for historians to do but we need to try and understand what mattered to historical actors (and this would include their attitudes towards religion).

Jonas Lindström and *Erik Lindberg* both agreed with this.

Jane Humphries: the capabilities approach is trying to get away from a narrow measure of economic growth, and therefore we should be wary of using it to measure economic growth for the European past.

Hilde Sandvik: population growth can be used as a proxy for economic growth. Due to the low population density of Norway, population growth here helped create a gender division of labour, which benefited growth through specialisation and more efficient time allocation.

Pam Sharpe: we need to look at how coercion could be exerted on workers in the absence of guilds. Britain still had some coercion of workers despite guilds not having much influence. Housing availability was often tied to employment, and, even before controversy emerged over 'truck' payments, employment was often linked to purchasing goods from certain shops.

Judith Spicksley: debt was also very important as a way of curtailing the freedom of workers.

Judith Spicksley: if religious ideology denigrated the value of women this must have influenced how much they expected to get paid.

Jane Humphries: stated that her studies of autobiographies show sexual harassment of women much higher than that of men, and questioned how this can be included in a capabilities approach.

Erik Lindberg: sexual harassment is measured in the modern capabilities approach but it is very difficult to do this for the European past. Court cases should reveal interesting clues about how women's capabilities were affected by societal norms regarding their behavior. In an interesting study, Karin Hassan Jansson has shown that rape crimes in Sweden were punished more severely in the seventeenth century than in the eighteenth. This change coincided with a changing view of women: from passive objects to active subjects. Violence and sexual practice increasingly became linked directly to the individual and his or her morals, instead of to his or her social position.² Capabilities in one area, such as being viewed as an individual with responsibility for his or her own actions, could have negative consequences for capabilities in other areas, such as bodily integrity.

Sheilagh Ogilvie: we need to develop a list of capabilities relevant to the people at the time under study. We can use qualitative sources by region and date to establish how people at this time thought utility could be maximised. The threat of violence was an important issue for quality of life for both women and men. However, we need to consider the bias of qualitative sources, and is generally the powerful who spoke/left records. In the context of religion (as well as other contexts) this bias is likely to support the status quo, we need to try and find and include dissenting voices.

Jane Whittle: women's voices are particularly hidden and it's very difficult to assess capabilities in the past. Also, should we be willing to judge the satisfaction of capabilities if the values these are based on we find to be offensive or wrong?

² Karin Hassan Jansson, *Kvinnofrid. Synen på våldtäkt och konstruktionen av kön i Sverige 1600-1800* (Uppsala 2002)

John Styles: modern survey evidence shows that what people said that they want and how they actually behave is often very different. Therefore, we should look at how people acted when they were unconstrained.

Jane Humphries: however, this brings all the usual problems of revealed preference analysis.

Sheilagh Ogilvie (in response to *Hilde Sandvik's* earlier comment): the very low population density in Norway and Denmark in the past meant that population growth was beneficial, whereas this isn't the case for most countries now. The stagnant nature of society in Norway and Denmark in the past made it difficult to marry, and therefore population growth that made it easier to marry should be considered as increasing capabilities. In central and eastern European countries there were institutional barriers to marriage (e.g. local courts could block people from getting married if they were considered too poor to support themselves). Now, low fertility in a society is considered good for increasing growth and capabilities, but it was not necessarily so in the past.